Group D

- BR should not be outstanding for more than 7 days.
- Obtaining photograph of depositors at the time of opening of accounts.

(ii) **Mitra Committee**

RBI set up an expert committee on Legal Aspects of Bank Fraud under the Chairmanship of Dr. N.L. Mitra in September 2000 and the committee submitted its report in August 2001. The recommendations of the committee consisted of two parts:

Part – 1 containing recommendations that could be implemented without any legislative changes and Part II requiring legislative changes for their implementation.

Major Recommendations under Part I

Development of Best Practices Code (BPC)

System of internalization of BPC

Internal checks and internal controls

Legal Compliance Certificate

Legal Compliance Audit

Appropriate Incentive System for bank official

Liability of accounting and auditing profession

System of credit registration and data information sharing

Recommendations in Part II

- Separate act to deal with financial frauds
- Financial fraud to be criminalized
- Serious financial frauds to be treated separately
- Strict liability and shift of burden of proof on the accused
- Power of search, seize and attach properties/assets involved in the fraud to the investigating agency
- Separate institution for investigation of serious financial frauds
- Special Courts for a fast track justice delivery mechanism

Recommendations under Part I had been conveyed to banks for implementation. As regards recommendations under Part-II, it was observed that the present laws are sufficient to take care of the concerns.

London Summit of G-20 Nations

1076. SHRI VIJAY JAWAHARLAL DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether contours of any definite line of action were discussed and modalities formalized during the April, 2009 Summit held in London, especially to tide over the present worldwide recessionary trends as nearly 90 per cent of the world GDP and 80 per cent of global trade is controlled by G-20 Nations;

(b) if so, whether specific issues of development aid, protectionism and reforms at world bodies such as IMF, World Bank, etc. were discussed; and

(c) whether these measures, since April, 2009 are producing the envisaged results?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes Sir.

(b) and (c) Yes, Sir. A statement is laid on the Table of the House.

Statement

Regarding London Summit of G-20 nations.

The G-20 London Summit was able to come out with some concrete measures aimed to arrest and reverse the global downturn. These, *inter alia*, are:

Coordinated counter-cyclical policies

The G-20 member countries have committed themselves to deliver an unprecedented and concerted $ 5 trillion fiscal expansion supported by accommodative monetary policies for restoring global growth. Amongst other things, this includes comprehensive support to their banking systems to improve liquidity, recapitalise financial institutions, and address decisively the problem of impaired assets. Taken together, these actions constitute the largest fiscal and monetary stimulus and the most comprehensive support programme for the financial sector in modern times. There is a clear understanding that acting together strengthens the impact of such counter-cyclical policies implemented individually by the member countries. G 20 members have committed to conduct all their economic policies cooperatively and responsibly with regard to the impact on other countries and have refrained from competitive devaluation of their currencies. At the same time, member countries have resolved to ensure long-term fiscal sustainability and price stability and are committed to put in place credible exit strategies on restoration of global demand.

Augmenting resources of international Financial Institutions (IFIs) and Reforms in the IFIs

Member countries have agreed to increase the resources available with the IMF, the World Bank and other Multilateral Development Bodies (MDBs) by an additional $ 1.1 Trillion to held kick-start the global economy, meet balance of payment needs and provide social support for countries in crisis. This includes trebling resources available with the IMF to $ 750 billion, a new general SDR allocation of $ 250 billion, at least $ 100 billion of additional lending by the MDBs, $ 250 billion of support for trade finance. On the reforms of IFIs, *inter alia*, the member countries have called upon the IMF to complete the next review

of quota and voice by January 2011 and that consideration should be given to greater involvement of the Fund's Governors in providing strategic direction to IMF and increasing its accountability. Similarly, the Leaders agreed for further reforms on voice and representation in the World Bank by Spring of 2010.

Strengthening Financial Supervision and Regulation

Member countries have committed to the reform of global financial system through strengthening the framework of internationally agreed standards of financial regulation and supervision and to ensure that the strengthened regulatory and supervisory framework keeps pace with innovation. Members are also committed to strengthening their domestic regulatory systems so as to comply with these strengthened internationally agreed norms. In particular, members have agreed to establish a new Financial Stability Board (FSB) with a Strengthened mandate, as a successor to the Financial Stability Forum (FSF), including all G20 countries, FSF members, Spain and the European Commission. Amongst other things, members have also agreed for developing an effective early warning system which can spot a build up of risks threatening global financial stability, to extend regulation and oversight to all systemically important financial institutions, instruments and markets, to prevent excessive leverage by financial institutions and to take action against non-cooperative jurisdictions, including tax haves to protect their public finances.

Resisting Protectionism

Member countries have reaffirmed their commitment to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (STO) inconsistent measures to stimulate exports. Member countries are also committed not to retreat into financial protectionism, particularly measures that constrain worldwide capital flows, especially to developing countries. They remain committed to reaching a balanced conclusion to the Doha Development round.

Results of some of the Measures:

Even though the growth in G-20 Nations and many other countries is still negative (notable exceptions being India and China); there are some signs of improvement in the global economy. A return to trend growth at global level, however, is expected only by late 2010. In the recently held Deputies meeting, it has been informed that $410 billion resources have been contributed to the resources of the IMF and the gap of $ 90 billion will be covered up before the Pittsburgh Summit. Good progress has been made in delivering the agreed increase in MDB lending (anticipated to be $110-120bn in 2009). The deadline for the next set of Quota and Voice Reforms is January 2011. The expanded Financial Stability

Board (FSB) has been set up in which India is a member. The Financial Stability Board has just concluded its plenary session in June in Basel and a decision has been taken to set up Standing Committees for dealing with issues of Vulnerability Assessment, Early Warning Exercise, Supervisory and Regulatory Coordination and Standards implementation. Many of these are ongoing efforts and a more concrete picture to the results on a Global level will be available by the Pittsburgh Summit to be held in September.

Income Tax Benefits for Wind Power Projects

1077. SHRI PARIMAL NATHWANI: Will the Minister of FINANCE be pleased to state:

(a) how much benefits is availed by Wind Power Projects in last three years due to accelerated depreciation provision in terms of rupees in crores and the corresponding Wind Power Capacity, as under Income Tax Act, accelerated depreciation benefit is allowed to be claimed by Wind Power Projects; and

(b) whether Government has suggested any benchmark project cost for deciding depreciation benefit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (b) The information from the field formation of Central Board of Direct Taxes is being collected and will be placed as soon as possible before the Parliament.

Fake currency

1078. SHRI PRAKASH JAVADEKAR: Will the Minister of FINANCE be pleased to state:

(a) the action Government proposes to deal with the menace of fake currency in the country;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The steps taken by the Government to curb circulation of Fake Indian Currency Notes in the country include stepping up of vigilance by the Border Security Force and Custom authorities to prevent smuggling of fake notes; dissemination of information on security features through print and electronic media and formation of Forged Note Vigilance Cells in all the Head Offices of the banks. Additional security features have also been incorporated in the bank notes which will make counterfeiting difficult. In addition, Government of India have nominated the Central Bureau of Investigation as the Nodal Agency to monitor investigation of fake currency note cases. The RBI has also strengthened the mechanism for detection of counterfeit notes by the Banks.